

ILLINOIS  
COMMERCE COMMISSION

2008 MAY -7 P 12:57

CHIEF CLERK'S OFFICE

ACCESS POINT, INC.

08-0259

REVISED TESTIMONY

**BEFORE THE  
STATE OF ILLINOIS  
COMMERCE COMMISSION**

9844 ILLINOIS  
COMMERCE COMMISSION.  
2008 MAY -7 P 12:58  
CHIEF CLERK'S OFFICE

Access Point, Inc. )  
Application for a Certificate of Local Authority )  
to operate as a facilities based carrier )  
of telecommunications services )  
within the State of Illinois )

ACCESS POINT, INC.

TESTIMONY OF RICHARD E. BROWN  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

1 **Q. Will you please state your name and business address.**

2 A. My name is Richard E. Brown. My business address is 1110 Crescent Green, Suite 109, Cary, North  
3 Carolina 27518. The Company's main telephone number is (919) 851 - 4838.

4  
5 **Q. By whom are you employed and in what capacity?**

6 A. In my current capacity, I am President and Chief Executive Officer for Access Point, Inc.  
7

8 **Q. Please give a brief description of your background and experience.**

9 A. I founded Access Point in March 1996. Prior to that, I was employed at BTI which was then a regional  
10 reseller serving the BellSouth region. As a key executive of BTI, I helped to grow the organization from \$2.2  
11 million in sales to over \$120 million and from 15 employees to over 500. I also helped found Optex, a telecom  
12 billing company that specialized in developing software for switchless resellers  
13

14 **Q. What is the purpose of your testimony?**

15 A. This testimony has been filed to answer the question for this Commission as to whether Access Point,  
16 Inc. ("Access Point") is technically, financially, and managerially capable to provide the services it proposes in  
17 Illinois.  
18

19 **Q. Has Access Point registered to do business in Illinois?**

20 A. Yes. Access Point, Inc. has authorization to conduct business in Illinois. A copy of the certificate is  
21 attached to our application in Exhibit I.  
22

23 **Q. Describe Access Point's experience in the telecommunications business.**

24 Access Point, is a communications provider marketing local and long distance services to small  
25 business and residential customers. Access Point has been certified to offer local exchange service in  
26 Alabama, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Massachusetts,

1 Mississippi, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, South Carolina,  
2 Tennessee and Virginia. Access Point is offering local exchange service in all of these states except Delaware  
3 and Louisiana. The Company has not withdrawn its application in any state upon notification that the  
4 application would not be approved. The Company has not had an application for certification denied in any  
5 state.

6 The Company is authorized and is providing interexchange service in 47 states. The company is in the  
7 process of requesting expanded authority to provide local exchange services on a resold and facilities-basis in  
8 the additional states during 2008. The Company has strong managerial ability and experience in the  
9 telecommunications industry that will allow it to be a successful facilities-based local exchange provider within  
10 the state of Illinois. Profiles of key management staff were provided in the Company's Application as Exhibit  
11 II.

12  
13 **Q. Where in Illinois does Access Point intend to offer its local services?**

14 A. By its application, Access Point is seeking to offer facilities-based local service in the service areas of  
15 Ameritech.

16  
17 **Q. Please describe the services Access Point proposes to offer.**

18 A. The Company proposes to initially offer its services through the lease of facilities from the incumbent  
19 local exchange carriers through the use of resale or commercial agreements.

20 Initially we plan on offering basic local exchange service to business customers leveraging our  
21 relationship with then in other certificated states. We will offer service 24 hours a day, 7 days per week.

22  
23 **Q. Describe the proposed Access Point Illinois tariff.**

24 A. Access Point's tariff describes the Company's rules and regulations, services and rates of local  
25 exchange service offered to business and residential Customers. Local Services include basic local service,

1 Optional Calling Features. The Company's long distance service offerings are found in Access Point's  
2 Interexchange tariff.

3  
4 **Q. Does Access Point own any network switches or transmission facilities used in routing calls?**

5 A. No, the Company will utilize the network on various incumbent local exchange carriers or other  
6 certificate facilities-based local service providers.

7  
8 **Q. How will Access Point bill for its services?**

9 A. Access Point intends to bill its customers directly, using its in-house billing systems. Our name will  
10 appear on the bill and the bill will contain our toll free number for inquiries.

11  
12 **Q. How are billing errors, complaints and trouble reports handled?**

13 A. Access Point Customers may contact the Company via its Toll Free telephone number, 1-800-957-  
14 6468, for billing inquiries and questions. The Customer Service Department is staffed twenty-four hours a day,  
15 seven days a week.

16  
17 **Q. How will Access Point effect repairs for local service?**

18 A. Access Point will provide repair services using its own agents or through agents contracted for with the  
19 incumbent local exchange carrier or an independent third-party contractor.

20  
21 **Q. Does Access Point have a contact person that will work with the Illinois Consumer Services  
22 Division for customer complaint resolution?**

23 A. Yes, Ted Bohner, Customer Service Manager at Access Point, Inc., 1100 Crescent Green, Suite 109,  
24 Cary, North Carolina 27518, is the contact person for the Illinois Consumer Services Division. The telephone  
25 number is 800-957-6468; Facsimile number is 919-851-5422.

1 **Q. Does your Company have a sample Customer bill or disconnect final notice that is in compliance**  
2 **with Illinois Administrative Code Part 772.55?**

3 A. Access Point's Customer bill and disconnect notices are in compliance with the requirements of Illinois  
4 Administrative Code Part 772.55.

5  
6 **Q. Will Access Point assist Ameritech in its role by providing timely and accurate forecasts of its**  
7 **customers' demand?**

8 A. Yes, Access Point will reply to these requests in a timely and accurate manner.  
9

10 **Q. Has Access Point begun negotiations with incumbent LECs in Illinois?**

11 A. Yes.  
12

13 **Q. Will your tariff include 9-1-1 service?**

14 A. Access Point does not have plans at this time to offer 9-1-1 service facilities or databases to county or  
15 emergency service personnel. It will, however, provide 9-1-1 calling capabilities to its Customers and will  
16 contract with ILECs or emergency service providers to insure that its Customer's information is included in all  
17 applicable 9-1-1 databases. No database charges will apply to our Customers. If necessary to remain in  
18 compliance with Illinois regulations in the future, Access Point will collect 9-1-1 surcharges as ordered and  
19 will remit those surcharges to the appropriate agencies.  
20

21 **Q. Is your Company prepared to handle 9-1-1 service pursuant to the Emergency Telephone**  
22 **Systems Act, 83 Illinois Administrative Code Part 725?**

23 A. Yes.  
24  
25  
26

1 **Q. Will your Company file a tariff for all services and charges associated with 9-1-1 if any?**

2 A. Yes. Access Point's tariff includes an offering for 9-1-1 service to business Customers. However, we  
3 do not anticipate offering 9-1-1 systems for installation at the counties. Access Point's Customers will be able  
4 to dial 911 and reach the emergency systems provided by other carriers to the agencies.

5  
6 **Q. Who will be responsible for building and maintaining the 9-1-1 database for your customers?**  
7 **How often will updates be performed on the 9-1-1 database?**

8 A. Ameritech will be responsible for building and maintaining the 9-1-1 database for Access Point's  
9 Customers. Jason Brown will be the Company's 9-1-1 contact person. He may be contacted at Access Point,  
10 Inc., Telephone Number - 919-851-4838 and Facsimile Number - 919-851-5422.

11  
12 **Q. Does your Company have procedures for the transitioning of 9-1-1 surcharge collection and**  
13 **disbursement to the local 9-1-1 system?**

14 A. The Company does have procedures in place based upon it provision of service in other states. We  
15 will collect and remit all surcharges required by the state.

16  
17 **Q. Will your Company's customers receive the same quality of 9-1-1 service that is currently**  
18 **offered from the incumbent LECs?**

19 A. Since we will contract with the ILECs for 911 access on behalf of our Customers, our 9-1-1 service  
20 will mirror that of the ILEC.

21  
22 **Q. Will you be able to meet the requirement under section 725.500, 0. for call boxes?**

23 A. Access Point does not anticipate engineering 911 systems and, therefore, does not plan to implement  
24 calls boxes as anticipated by Section 725.500,0. Access Point will coordinate with the local 911 system  
25 provider(s) for emergency call routing in the event the central office is isolated from the control office or  
26 selective router.

1 **Q. Describe Access Point's financial ability to operate as a telecommunications provider.**

2 A. Access Point has sufficient financial resources to provide the requested telecommunication services in  
3 Illinois, the financial capability to maintain these services, and the financial capability to meet its lease and  
4 ownership obligations. Financial information was provided as Exhibit III of the Company's application.

5  
6 **Q. How will Access Point collect and remit appropriate taxes in Illinois?**

7 A. The Company does subscribe to the necessary tax programs and databases to track the current tax rate  
8 for all jurisdictions in which Access Point Customers reside. The taxes collected by the Company will be  
9 remitted to the correct taxing authorities. Our accounting system will provide sufficiently detailed data for  
10 preparation of the Illinois Gross Receipts Tax returns.

11  
12 **Q. Will the Company collect and remit the ITAC line charge from all telephone subscribers for the  
13 TTY Equipment Loan Program and Telecommunications Relay Service?**

14 A. Yes, Access Point will collect the ITAC line charge from subscribers required to support ITAC and  
15 will coordinate with the ILEC to remit the charge. If Access Point has a subscriber eligible for ITAC benefits,  
16 Access Point will coordinate with the ILEC for the provision of the service.

17  
18 **Q. Will the company meet the requirements of Section 13-703 of the Public Utilities Act?**

19 A. The Company will comply with any program designed and implemented by the Commission to provide  
20 telecommunications devices to the deaf and hearing impaired.

21  
22 **Q. Has the company ever provided service under any other name?**

23 A. No.



1 **Q. How do you plan to solicit customers?**

2 A. Access Point markets its service through the use of independent agents and the leveraging of existing  
3 customers with multistate operations.

4  
5 **Q. Please provide a copy of your company's written guidelines to prevent unauthorized**  
6 **"slamming" of local exchange customers.**

7 A. Consistent with federal and state regulations governing primary carrier changes, Access Point's policy  
8 is to obtain a written Letter of Agency or Contract from each customer prior to switching the customer to  
9 Access Point's services. Access Point's LOA, as drafted, incorporates all of the FCC requirements for carrier  
10 changes and requires actual execution by the customer approving the change.

11  
12 **Q. Will the Company sign and return to the Universal Telephone Assistance Corporation (UTAC)**  
13 **all of the necessary membership forms in a timely manner? And will the Company solicit, collect and**  
14 **remit to UTAC the voluntary contributions collected monthly from its telephone subscribers to support**  
15 **the Universal Telephone Service Assistance Program? (UTSAP)**

16 A. Yes. As required by the Commission, Access Point will return to the Universal Assistance Corporation  
17 (UTAC) all the necessary membership forms by the date required. In addition, Access Point will implement the  
18 necessary procedures for solicitation, collection and remittance of contributions collected from subscribers to  
19 support the Universal Telephone Service Assistance Programs.

20  
21  
22 **Q. Will the Company sign and return membership forms to the Universal Telephone Assistance**  
23 **Corporation and the Illinois Telecommunications Access Corporation?**

24 A. Yes. Access Point will sign and return membership forms to the Universal Telephone Assistance  
25 Corporation and the Illinois Telecommunications Access Corporation.

1 **Q. Will Access Point comply with Sections 13-301 and 13-301.1 of the Public Utilities Act regarding**  
2 **the Lifeline Program and with 83 Illinois Administrative Code Part 757 regarding Telephone Assistance**  
3 **Programs?**

4 A. Yes. In accordance with Section 13-301.1 (a) of the Public Utilities Act, Access Point will offer a  
5 waiver on installation charges for Lifeline Program to eligible residential customers. We will work with the  
6 incumbents to implement the requirements and will join UTAC as described above.

7  
8 **Q. Why is Access Point seeking a waiver from the Uniform System of Accounts?**

9 A. The Company currently maintains its books and records according to GAAP (Generally Accepted  
10 Accounting Principles). Access Point requests the waiver to avoid maintaining two sets of books. USOA was  
11 designed for an older form of rate base regulation that has little value in a telecommunications environment.

12  
13 **Q. Will your company be prepared to comply with applicable parts of Illinois Administrative Code**  
14 **Parts 720, 725, 735, 755, 756, 757 and 772?**

15 A. The Company has obtained copies of these rules and will comply with those parts applicable to local  
16 exchange carriers by providing the services directly or by contracting for service from the incumbent local  
17 exchange carrier. The Company does not plan to offer billing and collection to information service providers at  
18 this time, but may choose to do in the future in accordance with 83 Illinois Administrative Code 772. Pay-per-  
19 call services that are billed under this code will include a separate heading identifying the pay-per-call service  
20 charges. Any final notice sent pursuant to 82 Ill. Adm. Code 735 to a subscriber that includes pay-per-call  
21 charges would have surcharges segregated from the amounts the subscriber must pay to avoid disconnection.  
22 Further, the final notice will state that only non-pay-per-call amounts must be paid to avoid disconnection  
23 (Section 772.110 d).

24  
25 **Q. Have any formal complaints or judgments been levied against the company?**

26 A. No.

1   **Q.     How will Illinois consumers benefit from Access Point's services?**

2   A.     Certification of Access Point as a facilities-based provider of local exchange services will increase the  
3   level of competition in Illinois. Access Point proposes to offer quality services at competitive prices. The use of  
4   facilities will only enhance the Company's ability to provide innovative, high quality telecommunications  
5   services to Illinois consumers. In addition, Access Point's marketing plan will expand subscriber awareness of  
6   options and services available to them, thus encouraging the growth and success of competitive services.

7  
8   **Q.     Does this conclude your testimony?**

9   A.     Yes.  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19

**EXHIBIT A**

Access Point, Inc.

Customer Change Policy Statement

Access Point, Inc.  
**EXHIBIT A**

Customer Change Policy Statement

Access Point will fully abide with all federal and state regulations governing primary carrier changes. In order to insure that its Representatives are aware of and in compliance with these regulations, Access Point:

- provides continuing information to its Representatives on the requirements for processing carrier changes;
- has adopted a policy of zero tolerance against slamming;
- has determined that any Representative engaged in slamming will be terminated;
- has made all Representative personally responsible for the personal enrollment of all Customers and the obtaining of written LOA's;
- has made available to all Representatives Access Point's Policies and Procedures which includes anti-slamming policies and procedures for all Representative to implement.

**ACCESS POINT, INC.**

**08-0259**

Post Audit Year End Financial Statements

**Access Point, Inc.**  
**Income Statement**  
For the Month Ending December 31, 2007

**DRAFT**

	<u>Yr End '07</u>
<b>REVENUE</b>	
Switched Usage	3,501,979
Dedicated Usage	1,073,002
Travel Card	33,908
Late Fees	150,552
Service Charges	591,067
Sales Credits	(176,040)
Local Service	10,643,903
Local Toll	905,408
Dedicated Access	2,355,360
CABS	2,377,754
Other Services	2,473,421
<b>Total Revenue</b>	<u>23,930,314</u>
<b>Cost of Sales</b>	
Switched Usage	1,708,251
Dedicated Usage	589,157
Travel Card	17,739
Local Service - Resale	809,009
Local Service - UNE	6,327,483
Local Toll	639,299
Other Charges	1,753,583
Dedicated Access	2,979,636
Indirect Commissions	2,273,193
<b>Total Cost of Sales</b>	<u>17,097,350</u>
<b>GROSS PROFIT</b>	<u>6,832,964</u>
<b>EXPENSES</b>	
Salaries	3,790,855
Sales Commissions	149,783
Payroll Taxes	321,122
Employee Benefits	311,884
Recruiting and Want Ads	2,865
Billing Support Services	504,596
Bad Debt	149,979
Advertising/Trade Shows	70,469
Training	11,794
Rent	389,620
Telephone	151,726
Office Supplies & Services	43,259
Corporate Insurance	71,913
Taxes and Licenses	73,315
Professional Fees	206,279
Postage	21,105
Repairs & Maintenance	39,828
Travel & Entertainment	112,575
Bank/Finance Charges	85,247
Miscellaneous	44,780
<b>Total Expenses</b>	<u>6,552,994</u>
<b>EARNING BEFORE INTEREST &amp; DEPR.</b>	<u>279,970</u>
Depr. & Amortization Exp	234,473
Interest Exp./ (Inc.), Net	394,297
Other (Income) Expense	(49)
<b>Total Depr. &amp; Interest</b>	<u>628,721</u>
<b>NET INCOME/(LOSS)</b>	<u>(348,751)</u> =====

**Access Point, Inc.**  
**Balance Sheet**  
As of December 31, 2007

**DRAFT**

**2007**  
**December Yr End**

**ASSETS**

<b>Current Assets</b>	
Cash	312,148
Accounts Receivable	2,257,152
Allowance for Bad Debt	(145,133)
Accounts Receivable-CABS, net	205,768
Inventory	121,025
UnBilled Revenue	380,710
Prepaid Expenses	87,060
<b>Total Current Assets</b>	<b>3,218,730</b>
 <b>Property and Equipment</b>	
Property and Equipment	2,216,992
Accumulated Depreciation	(1,690,001)
<b>Total Property and Equip.</b>	<b>526,991</b>
 <b>Other Assets</b>	
Security Deposits	419,801
VZ Contract Agreement	107,502
<b>Total Other Assets</b>	<b>527,303</b>
<b>TOTAL ASSETS</b>	<b>4,273,024</b>

**LIABILITIES AND CAPITAL**

<b>Current Liabilities</b>	
Accounts Payable	1,756,842
Accrued Cost of Calls	133,238
Sales Tax Payable	399,054
Unearned Revenue	798,925
Notes Payable - Accord	2,219,217
Leased Equipment Obligation	33,491
Other Current Liabilities	129,119
<b>Total Current Liabilities</b>	<b>5,469,886</b>
 <b>Long-Term Liabilities</b>	
Verizon Contract Buy-In Long-Term	29,862
Leased Equipment Obligation	1,322
Deferred Rent Obligation	9,795
<b>Total Long-Term Liabilities</b>	<b>40,979</b>
<b>TOTAL LIABILITIES</b>	<b>5,510,865</b>
 <b>Capital</b>	
Common Stock (.01Par)	1,092
Preferred Stock (.01Par)	6,415,008
Contribution In Excess	13,692,105
Retained Earnings	(19,164,494)
Accrued Dividends - Preferred Stock	(1,832,801)
Net Profit/(Loss)	(348,751)
<b>TOTAL CAPITAL</b>	<b>(1,237,841)</b>
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>4,273,024</b>